DSCC: Today & Tomorrow
Welcome

THE
EFENSE SUPPLY CENTER, COLUMB

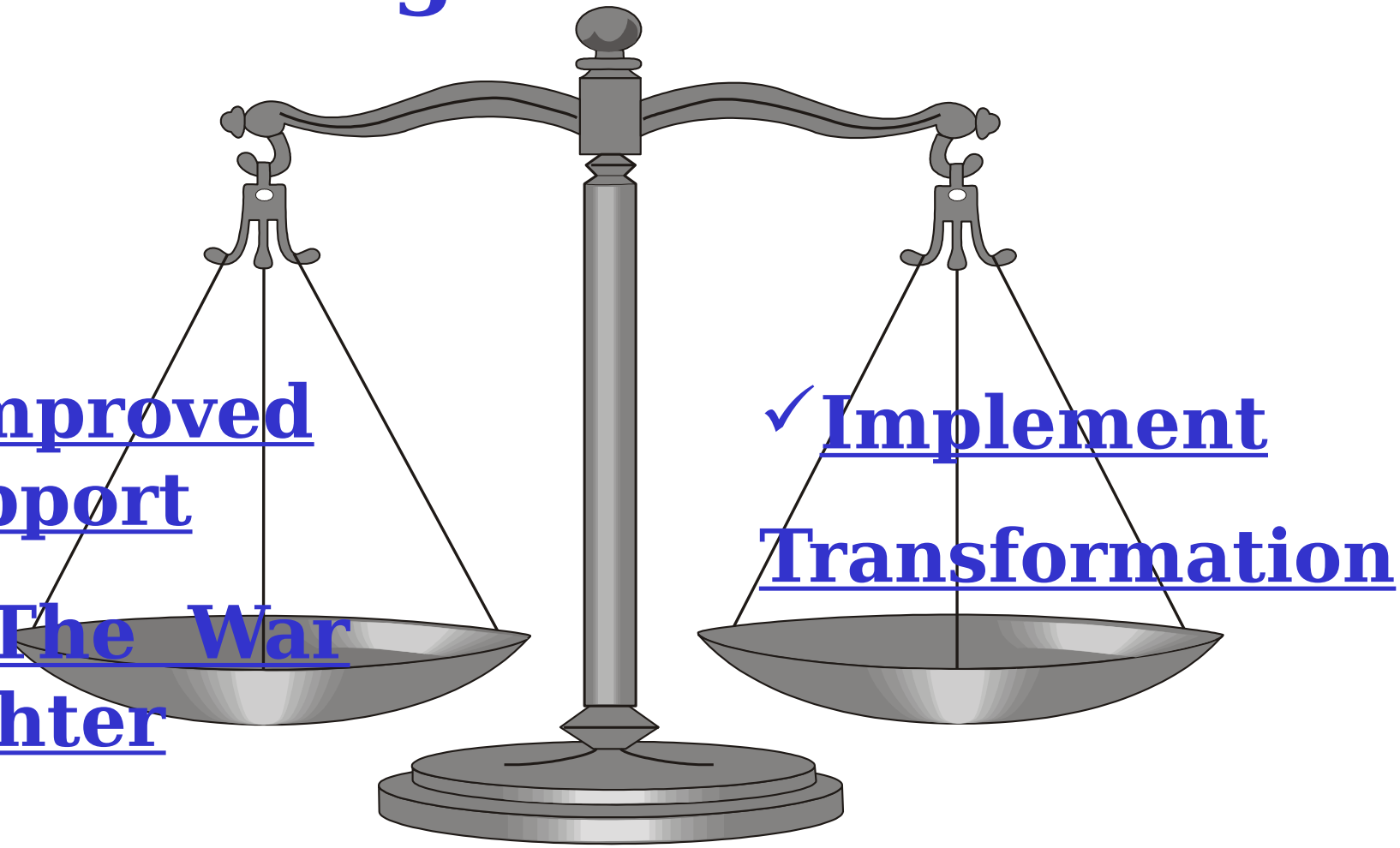
Mr. James McClaugherty,
Deputy Commander,
DSCC

"DSCC Today & Tommorow" Agenda

DSCC

- DSCC Today
  - Structure Of Inventory Control Point
- DSCC Tomorrow
  - Improving Customer Relationships
  - Managing Supplier Relationships
  - Business System Modernization
- Ongoing Organizational Realignment
- Summary

DLA Today:
Balancing Of Two Tasks



✓ **Improved Support To The War Fighter**

✓ **Implement Transformation**

Inventory Control Point (ICP) Organization

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Lead Center Concept

LEAD CENTER: TROOP SUPPORT & GENERAL/INDUSTRIAL SUPPLY

Defense Supply Center Philadelphia, PA

LEAD CENTER: ENERGY

Defense Energy Support Cen
Ft Belvoir, VA

LEAD CENTER: LAND, MARITIME & MISSILES

Defense Supply Center
Columbus, OH

Defense Logistics Agen

LEAD CENTER: AVIATION

Defense Supply Center Richmond,

DLA Weapon System NSN (Spare Parts) Workload

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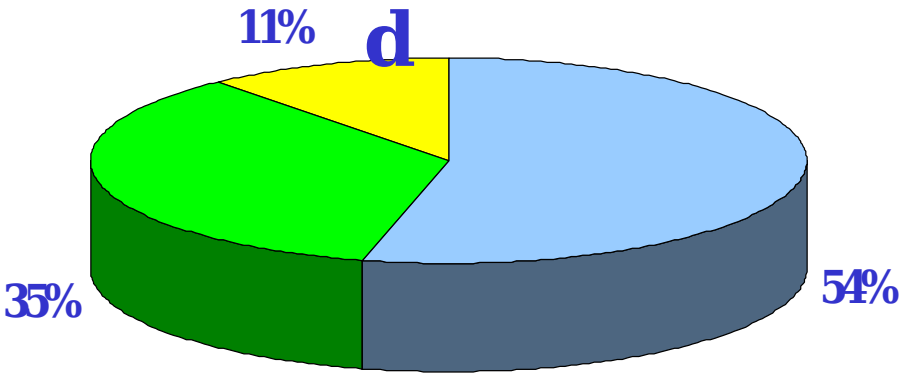
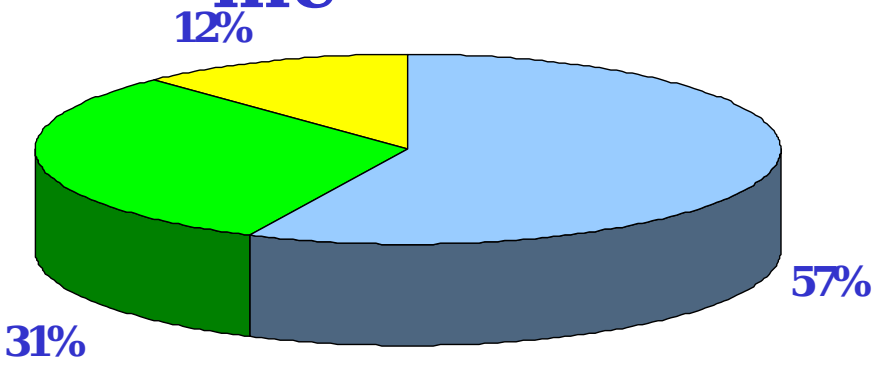
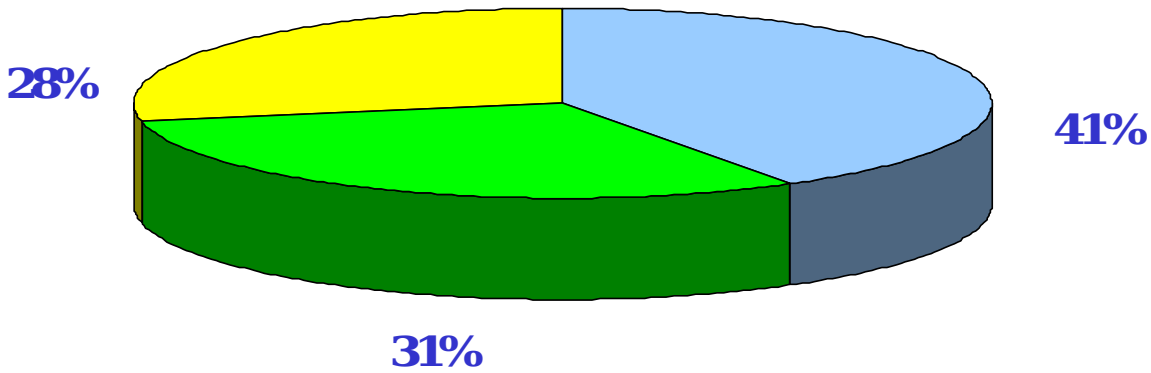
Land



Maritime



Aviation



Business Base

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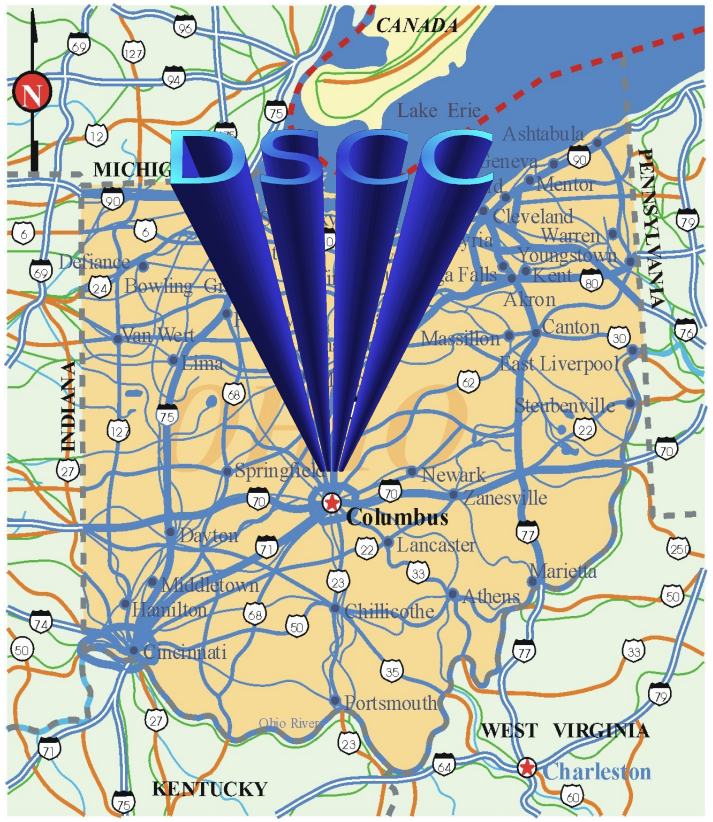
- 4.9 M Reqs Annually
- 1.6 M NSNs
- $2.3B Sales
- 22,000 Customers
- 4,700 Suppliers



FY02 Customer Profile

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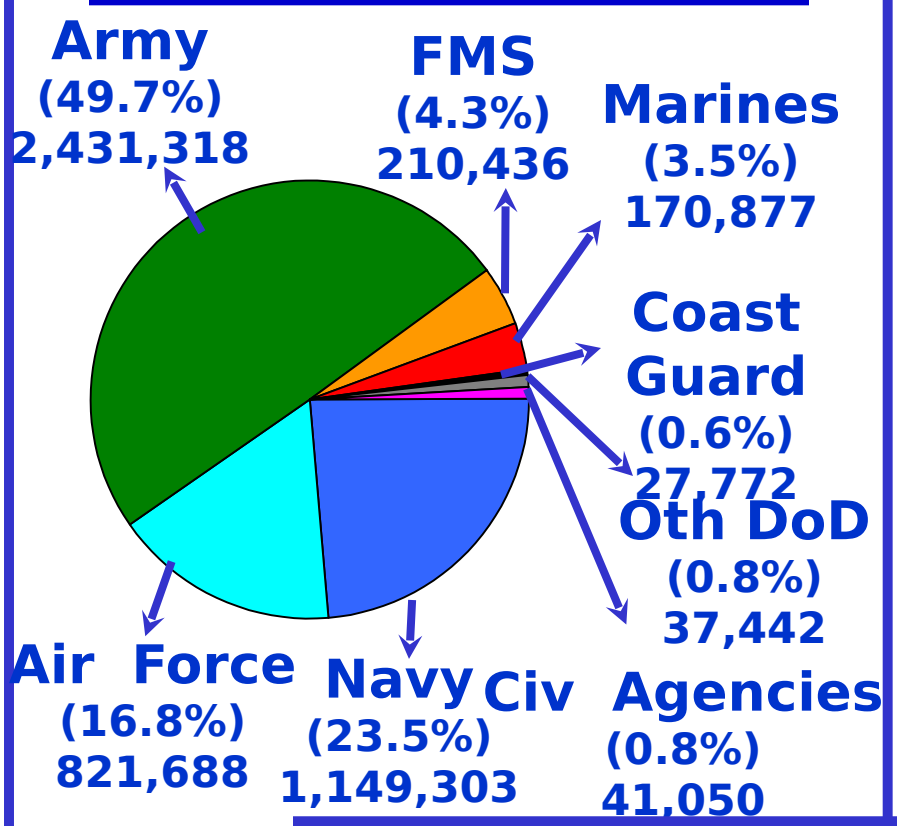
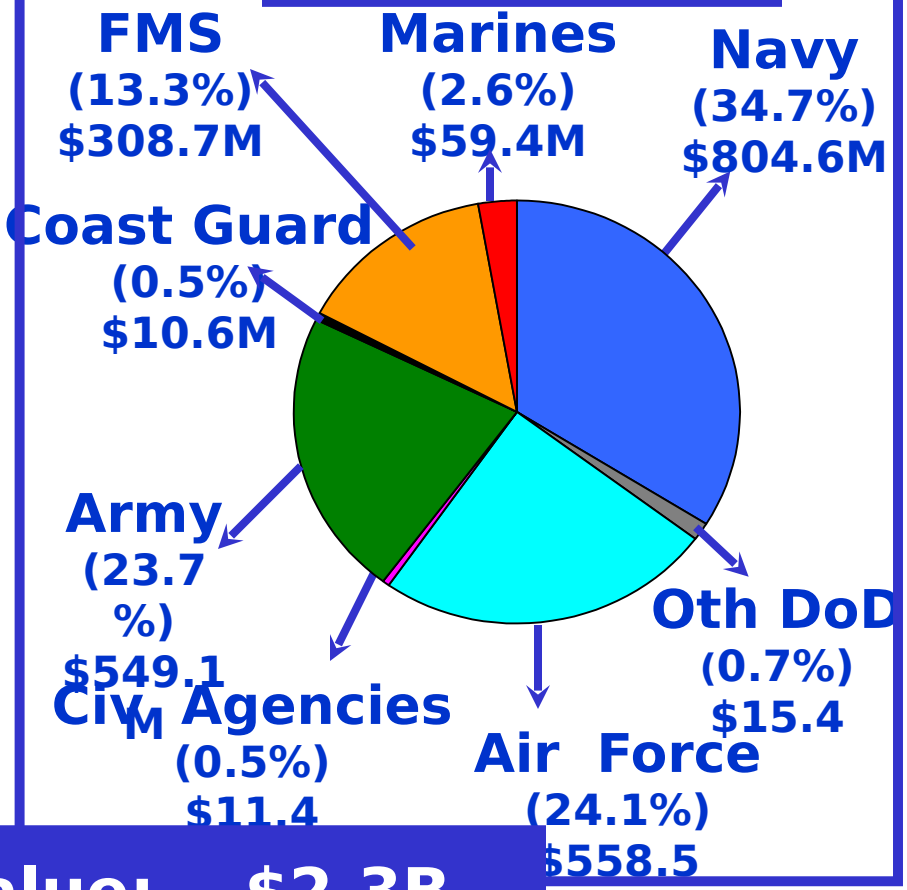
By Customer Order



By Sales ($)



Total Dollar Value: $2.3B

Total Requisitions: 4.9 M

Enduring Freedom / Iraqi Freedom

Requisitions by Customer Priority Groups

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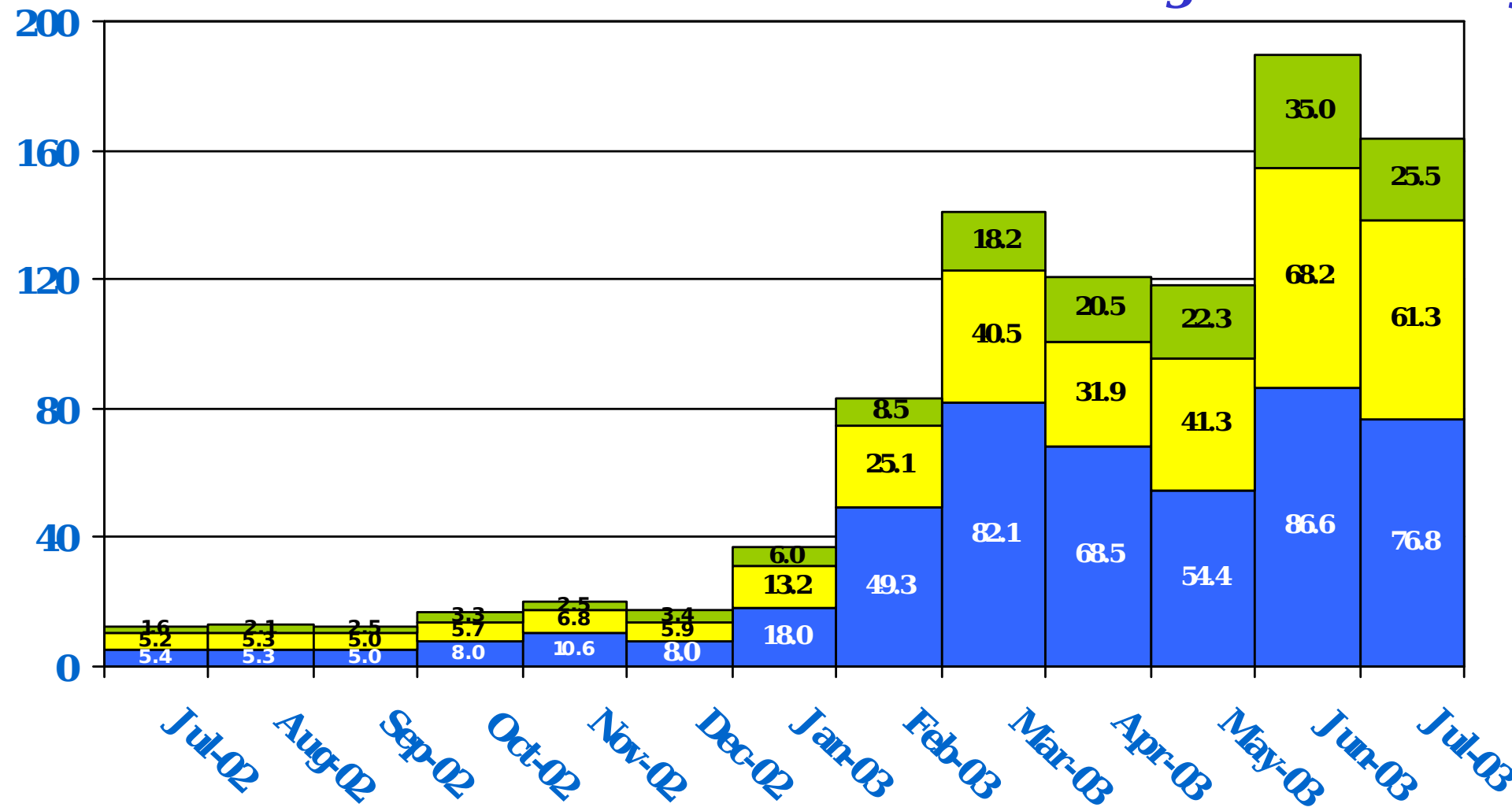
Blue = Highest Priorit



1.1M Requisitions / $486.5M

Organizational Commitment

To Readiness

Organizational Structure

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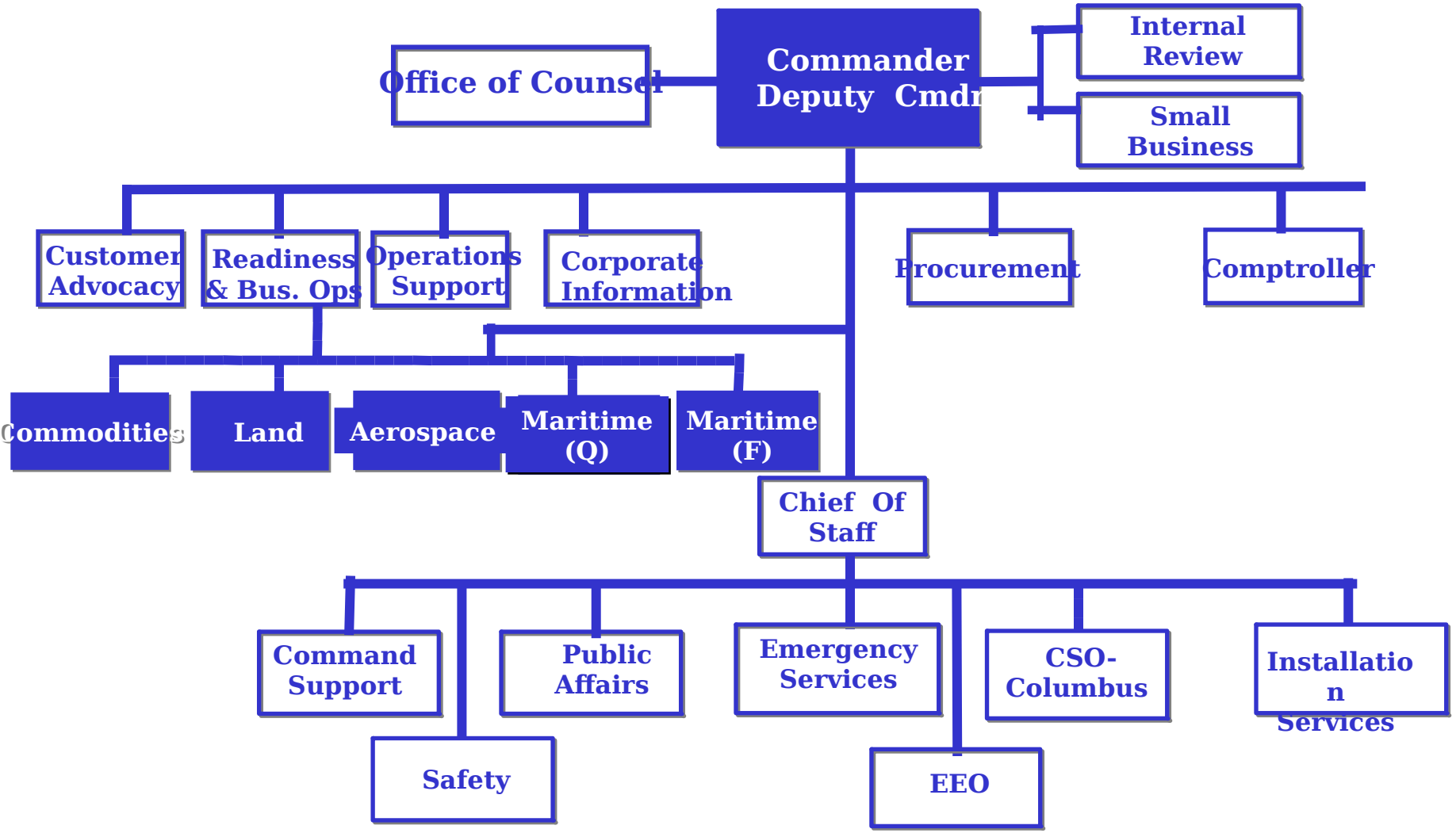

Readiness & Business Operations

Commodities

- Active Devices Unit
- Electrical Devices Unit
- Passive Devices Unit
- Commodities Corporate Unit

Land

- Ground Transport
- Combat Vehicles
- Engineering Spt
- Readiness
- Weapon Sys Support
- Tailored Support Unit

Aerospace

- Transports, Bombers & Helicopters
- Fighters & Trainers
- Readiness
- Tailored Support Unit

Maritime

- Surface Combatant
- Subsurface Small Craft
- Readiness
- Tailored Support Unit

Weapon System Support Doctrine / Organization

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- Weapon System Vice Item Focused
- Five Weapon System Groups: Land, Maritime (Q/F), Aerospace, Electronics
- 14 Weapon System Support Managers (WSSMs)

One Face to the Maritime, Land & Missile Customer!

Commodities Group DSCC

- Different Strategy
  - Federal Supply Class vs. Weapon System
  - Face To Industry vs. Face To Customer

- Multifunctional Teams Managing Federal Supply Classes (e.g. Connectors)

DSCC TOMMOROW

DLA's "M Sisters"

Business Systems Modernization (BSM)

Customer Relationship Management (CRM)

Supplier Relationship Management (SRM)

Customer Relationship Management

Our Reason For Being

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Weapon Systems Support

Weapon Systems Supported

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HEMTT

M1 TANK

AAV

M9 ACE

M88A1

PLS

WOLVERINE

HET

AVENGER

Total Land Weapon Systems 551

LAND CUSTOMER OPERATIONS
PROPOSED ORGANIZATIONAL STRUCTURE

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Director Customer Ops

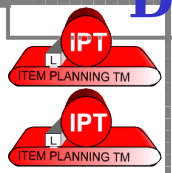
Customer Facing Div.

- Operational Force Cell Group – Army
- Operational Force Cell Group – USMC
- Industrial Cell Group – Army
- Industrial Cell Group – USMC
- Land Other Cell

Readiness Officer

Eng Spt Equip	M9 ACE (A) SEE (A), ETC.
TAC Veh I	HMMWV (A/M) , ASV/HMT (A), STRYKER (A), FMTV (A)
TAC Veh II	HET (A), PLS (A), ROWPU(A/M), HEMTT (A), LVS (M), HTV (A/M)
Grd Cbt I	BFVS (A), M113 (A)
Grd Cbt II	M1 (A/M), M88 (A/M)
Grd Cbt III	AAV (M), LAV (M), AAAV (M), ETC.
Field Arty	M198 (A/M), M109 (A), FAASV (A), M155 (A), S. ARMS(A/M)
Air Def Missile	Patriot (A), TOW (A/M), ETC.

Customer Planning Div.



TBD

Customer Support Div.

- Call Cente
- Customer Analysts Cell

MARITIME CUSTOMER OPERATIONS PROPOSED ORGANIZATIONAL STRUCTURE

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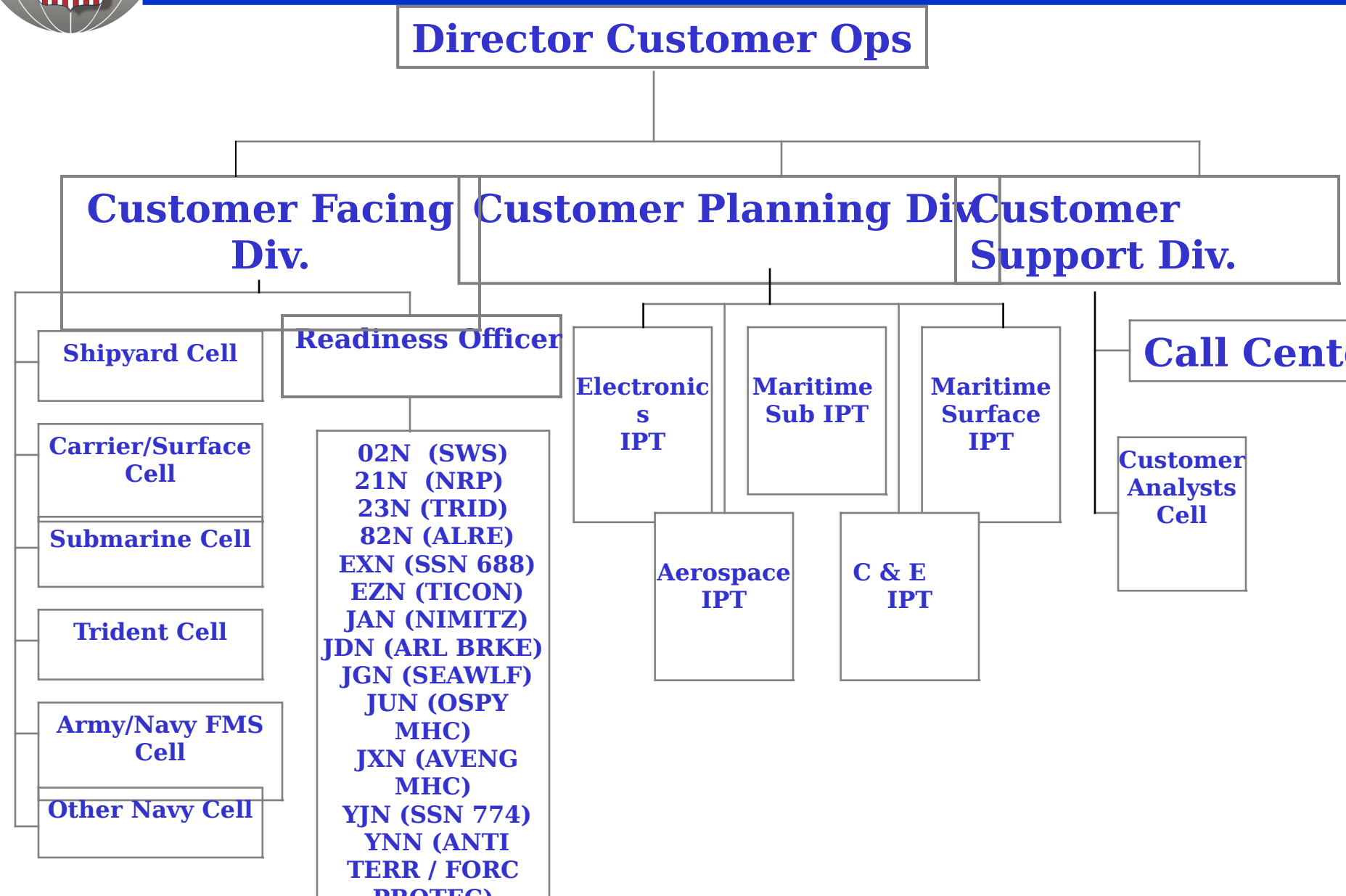
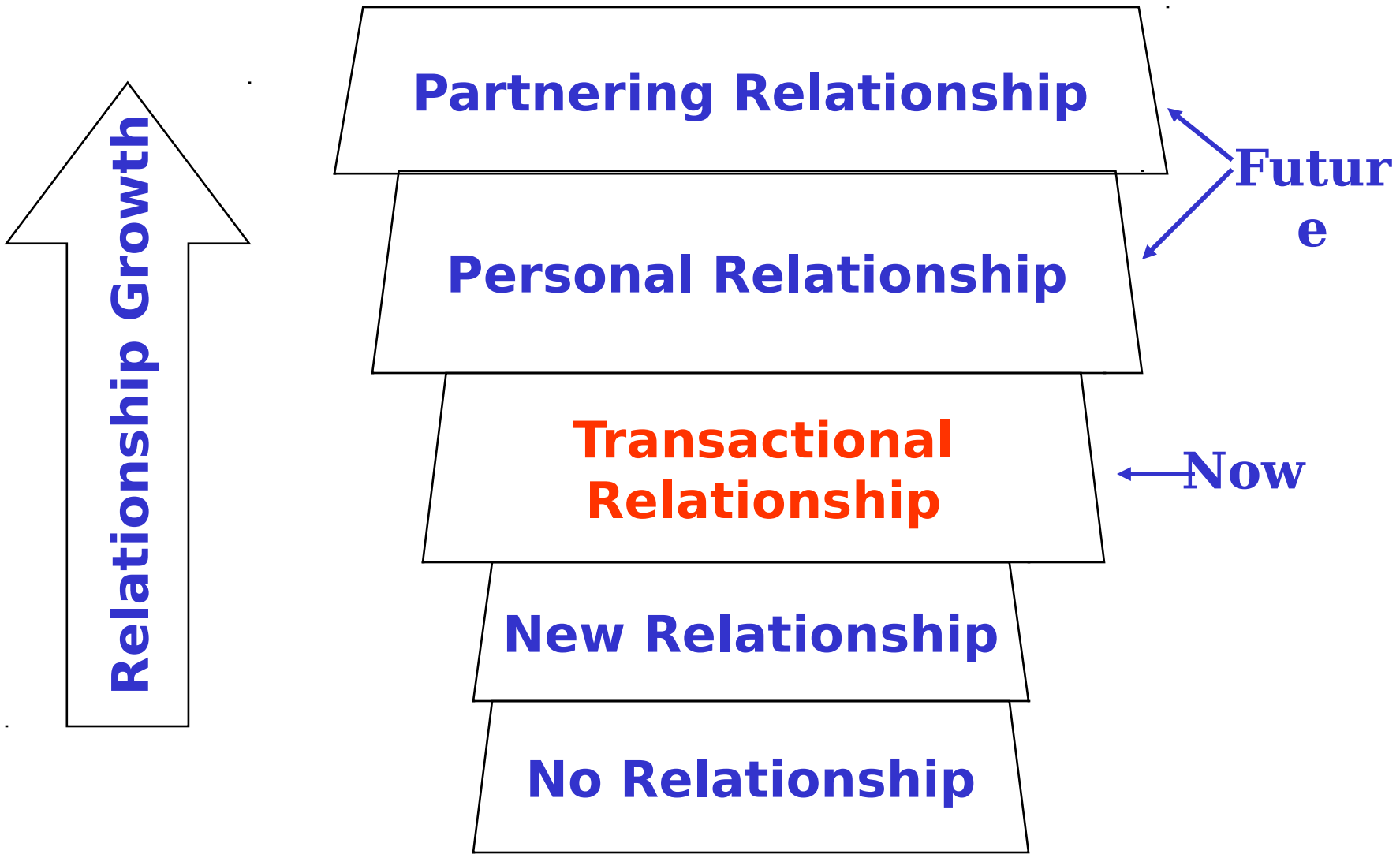


Multiple Levels of Customer Relationships



Source: LMI Research.

Supplier Relationship Management

Workload Stats – FY02

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- 588,421 Award Actions
- 99.7% Award Actions Under $100,000
- Competitive Solicitations
  - 87.3% Of Dollars
  - 87.5% Of Actions

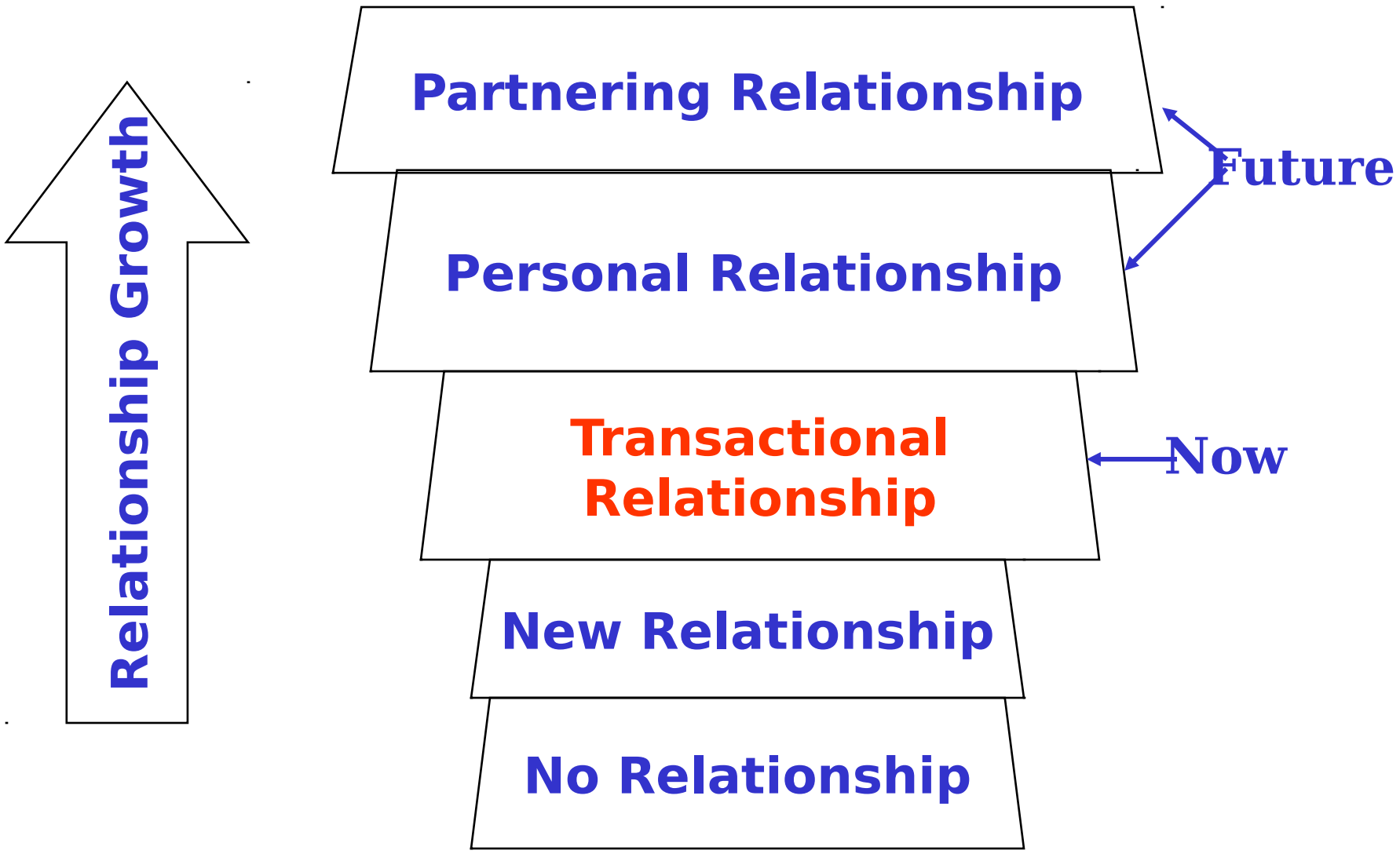
❖ DLA Recognized As Top Performing Major Defense Agency For FY2002

DSCC Products Procured Most Active Past 12 Months

- Values, Nonpowered (FSC4820) = $108.4 Mil
- Fittings & Specialties (FSC4730) = $98.8 Mil
- Misc. Power Transmission Equipment (FSC3040) = $88.1 Mil
- Switches = (FSC5930) $78.1 Mil
- Hose & Tubing, Flexible (FSC4720) = $71.0 Mil
- Vehicle Brake, Steer Axle, Wheel & Track Parts (FSC2530) = $67.7 Mil
- Pipe & Tube = (FSC4710) $56.2 Mil
- Values, Powered (FSC4810) = $55.1 Mil
- Vehicle Furniture & Accessories (FSC2540) = $52.5 Mil

Note: Some Other Very Active Product Groups = Gun Parts, Hand Pumps, Gears, Connectors, Other Electronic Components

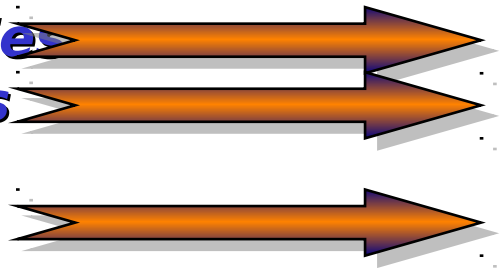
Multiple Levels of Supplier Relationships



Source: LMI Research.

Business Vision — "A Value Added Broker of Suppliers for Materials and Services"

From	*To*
Reliance on inventories	*Reliance on Industry*
Management of parts	*Management of*
	Relationships
Managing processes	*Integrating sup*
	chains



Maintain a Balance in Socioeconomic Programs

1. Buy commercial supply chains where they exist
2. Build virtual chains where the pieces exist
3. Retool acquisitions consistent with the vendor base
4. Integrate organic chain when it must be used

Utilize Commercial Sector Experts

Targets of Opportunity

Strategic Materiel Sourcing

- Demand/spend
- Readiness factors
- BSM concept demo

Strategic Supplier Alliance

- Large annual sales
- Multiple customer support requirements
- Strategic partnering

Strategic Materiel Sourcing

DLA's Item Sourcing Tool

DEMAND/SPEND
2% of items with 80% of sales

READINESS FACTORS
Surge & sustainment items, Not Mission Capable drivers and Weapon System Identifier Code & critical items with high Production Lead Time

Strategic Materiel Sourcing Groups Items for Placement on Contract

Standard Long Term Contracts	Corporate Contract	Prime Vendor Virtual Prime Vendor	Strategic Supplier Alliances

Automated Award Actions

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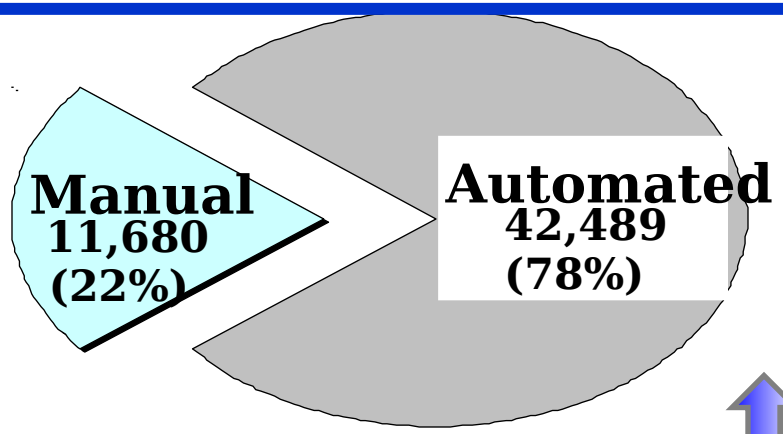
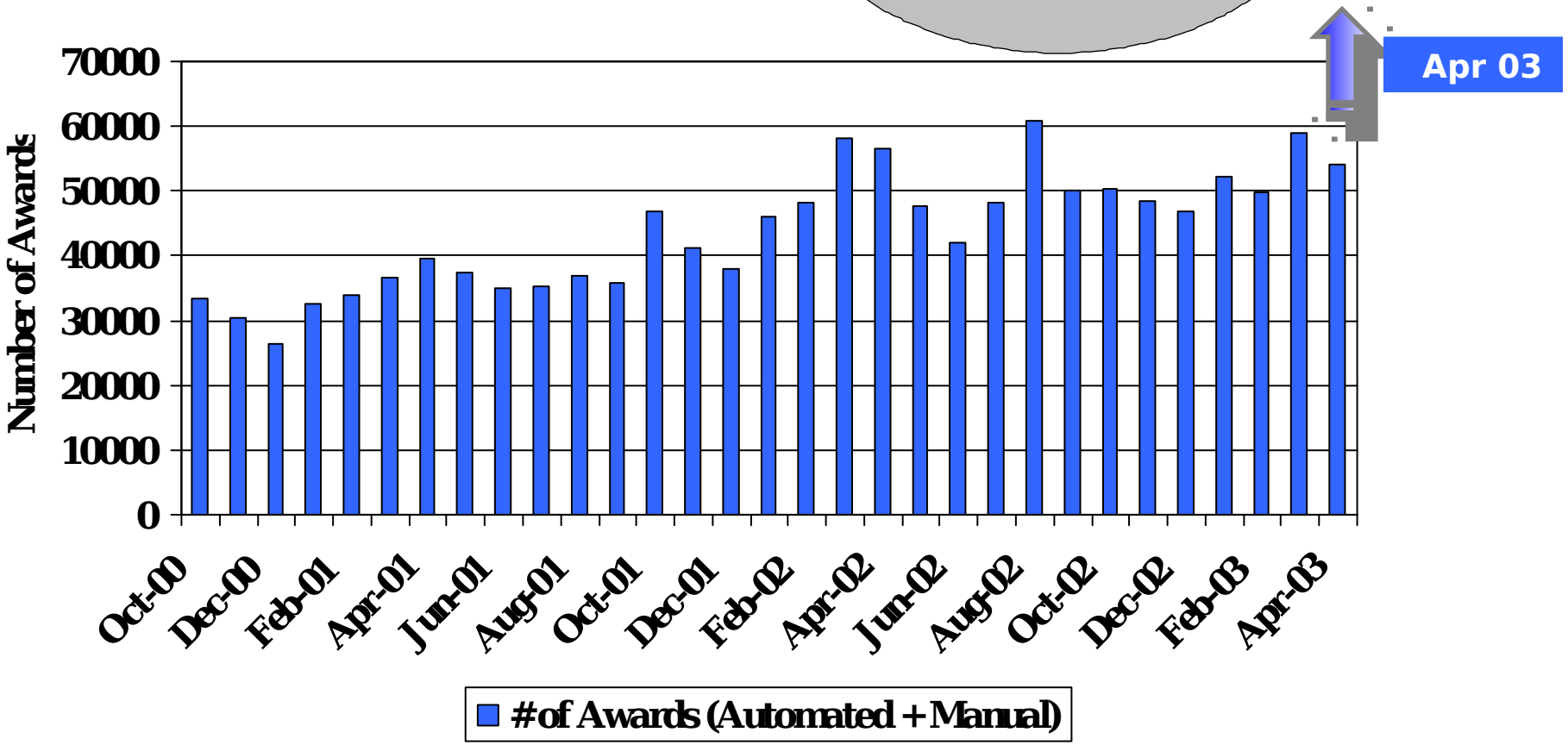
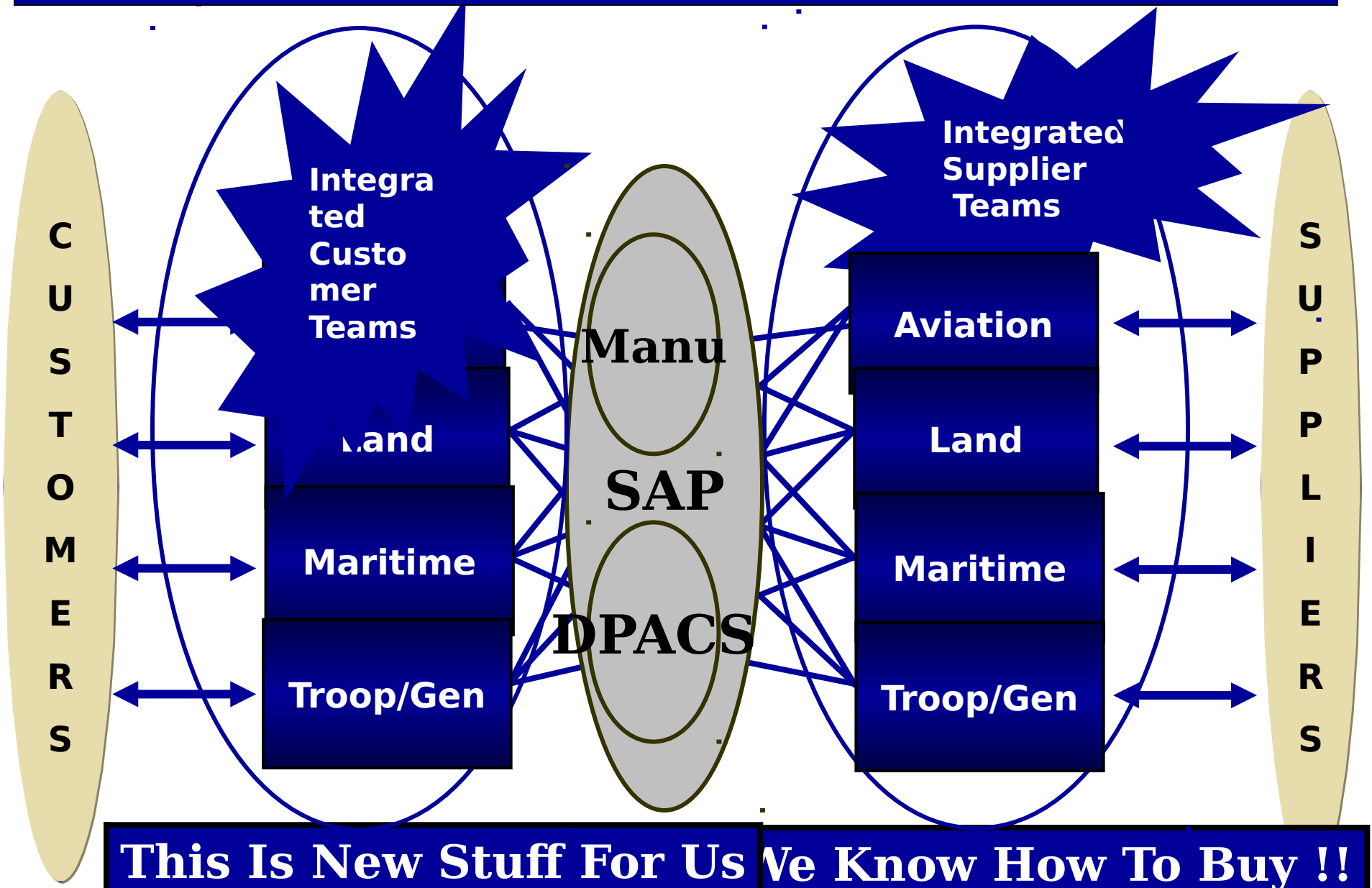




Business System Modernization (BSM)

I = Helping Us To Better Manage Our Busin



This Is New Stuff For Us

We Know How To Buy !!

DSCC Organizational Realignment

Standard Organization Structure

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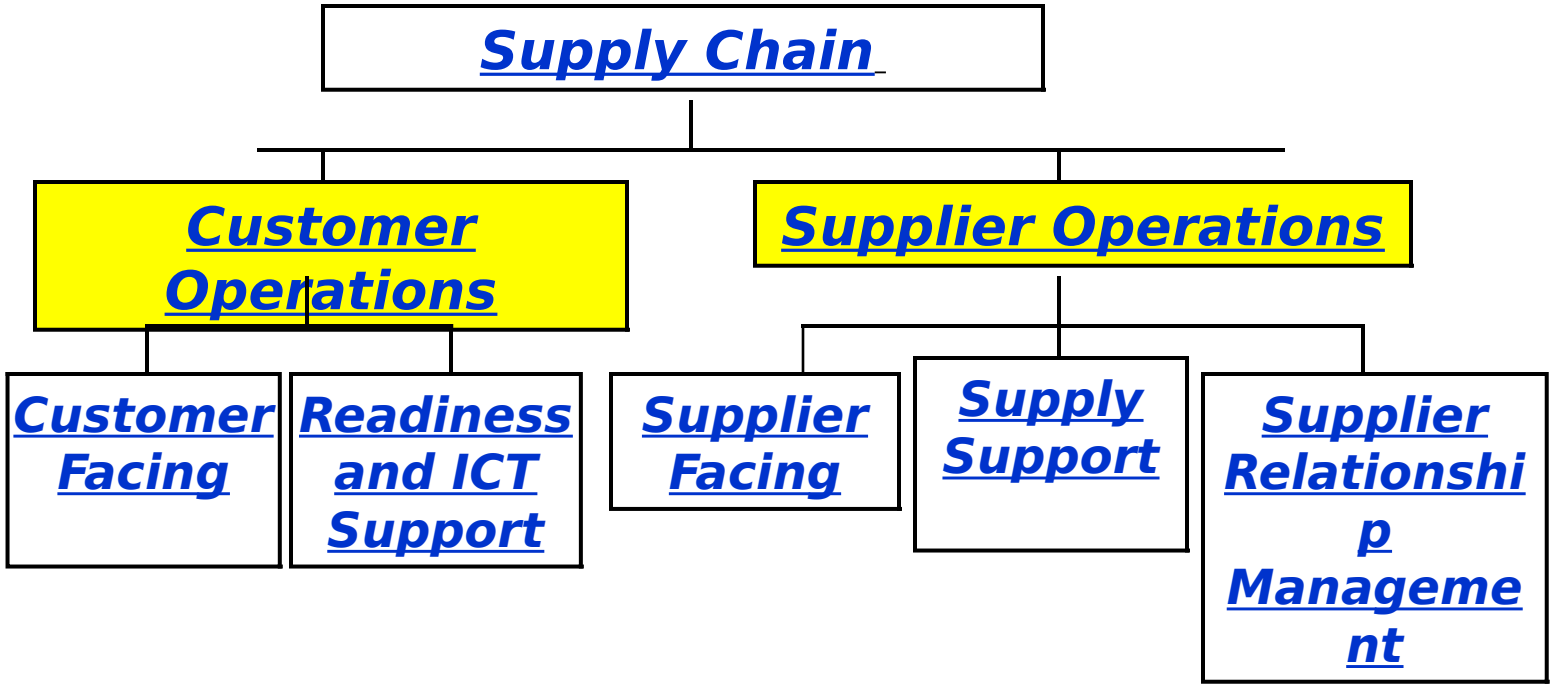
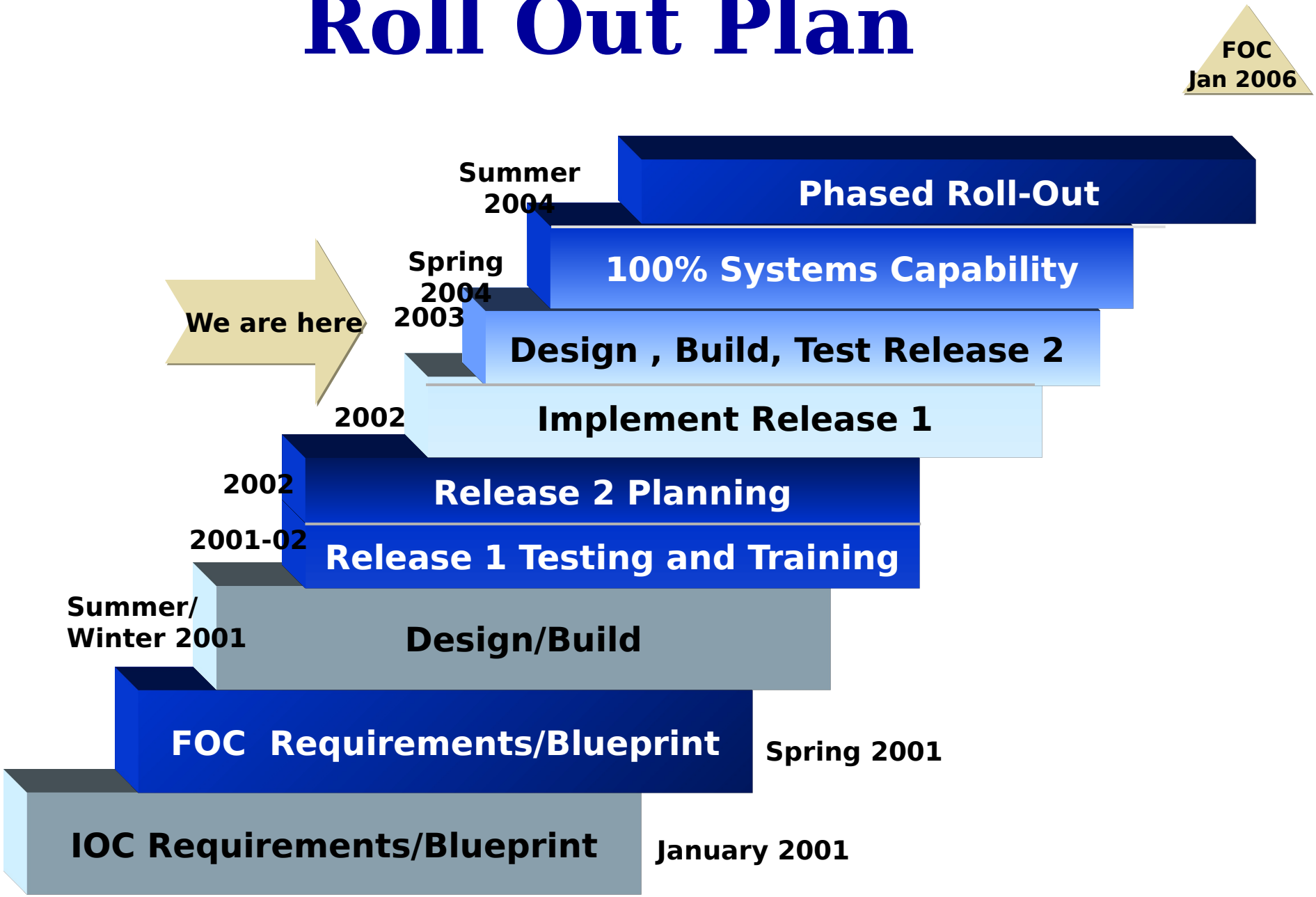
CUSTOMER

SUPPLIER



Roll Out Plan



Summary

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- **Today:**
  - **Weapon System & Federal Supply Class Focus**
  - **Case For Change – Single Up Organizational Alignment Across Enterprise**
- **Tomorrow:**
  - **Comprehensive Supply Chain Management**
  - **Collaborative Partnering With Key/Major Suppliers and Customers**
- **Improved Support To War Fighter!!**